

J. Greg Schnacke
Executive Vice President

Officers

Howard L. Boigon
Basin Exploration, Inc.
President
David M. Posner
Snyder Oil Corp.
Vice President
William D. Watson
Holme Roberts & Owen LLP
Secretary
Michael G. Hutchinson
Deloitte & Touche LLP
Treasurer

Directors

*Michael Beddo
Aceite Energy Corp.
Robert T. Birdsong
Axam-EG L.L.C.
Howard L. Boigon
Basin Exploration, Inc.
Robert J. Clerk
Bear Paw Energy, Inc.
Lee Daniel, III
Lead Tool Corp.
Ronald E. Dasher
Patina Oil & Gas Corp.
Peter A. Dea
Barrett Resources Corp.
Robbie Gries
Priority Oil & Gas
John A. Harpole
Mercator Energy, Inc.
S. Wesley Haun
K N Energy, Inc.
Robert G. Heath
Amoco
Scott Hobbs
Colorado Interstate Gas Co.
Michael G. Hutchinson
Deloitte & Touche LLP
Roger Hutson
K.P. Kauffman Co., Inc.
Ron Jacobs
HS Resources, Inc.
Mary S. Johnson
The Johnson
Consulting Companies, Inc.
*Fred C. Julander
Julander Energy Co.
*William D. Lancaster
Bass Enterprises Production Co.
*John D. Longwell
Prima Oil & Gas Co.
David A. Patene
PanEnergy Field Services, Inc.
David M. Posner
Snyder Oil Corp.
Kelly L. Price
BJ Services Co.
Ronald N. Richards
Western Gas Resources, Inc.
*Tony Sharp
Total Petroleum, Inc.
William R. Smith
Consultant
*Michael S. Smith
Basin Exploration, Inc.
Nicholas J. Sutton
HS Resources, Inc.
Rusty Tucker
Action Oilfield Services
Thomas J. Vessels
Vessels Energy, Inc.
Jim Walker
Petron Development Co.
*Randy Ward
Randy Ward & Son
William D. Watson
Holme Roberts & Owen LLP
John F. Welborn
Welborn Sullivan Meek & Tooley, P.C.

*Past Presidents



May 21, 1997



Mr. David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
Denver Federal Center, Bldg. 85
Denver, Colorado 80225

Re: Notice of Proposed Rulemaking, 62 Fed. Reg. 3742 (January 24, 1997)

Dear Mr. Guzy:

The Colorado Oil & Gas Association (COGA) strongly supports the recommendation made by the IPAA regarding the crude oil value rule proposed by the MMS.

IPAA offers a common-sense approach to this issue that addresses the problem directly and without the creation of an expensive new information system. In addition, the IPAA approach focuses on price reality -- not an artificial NYMEX standard. Such a standard is not the "real world" here in Colorado.

In addition, COGA strongly urges MMS to abandon the proposal to impose on lessees a new duty to assume all crude oil marketing expense downstream from the lease at no cost to the federal lessor. That is not a duty the Department and lessees agreed to in federal oil and gas leases. The proposed duty is a breach of faith with lessees based on a complete misunderstanding of the lessee's duty to put crude oil into marketable condition.

Thank you for your time and consideration. If we can be of assistance, please do not hesitate to call.

Sincerely,

J. Greg Schnacke
Executive Vice President

JGS:kd

cc: Honorable Cynthia L. Quarterman

Colorado Oil & Gas Association

1776 Lincoln Street, Suite 1008

Denver, Colorado 80203

303-861-0362/303-861-0373 (FAX)